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Date 7 July 2003

Dear Nigel,

### **Customer Transfer Process Discussion Document**

Thank you for providing EDF Energy with the opportunity to comment on your discussion document relating to the Customer Transfer Process. This response represents the views of EDF Energy as a major energy supplier, distributor and supplier of metering services. I can confirm that our response can be treated as non-confidential and may therefore be placed on your website.

EDF Energy is committed to excellence in customer service and this is demonstrated by our leading performance in the 'Account and Billing' and 'Transfer' complaint league tables published by energywatch. Our belief is that all customers should be confident that when they agree to switch to a new supplier the process would be smooth and hassle free. This includes the entitlement of customers to receive accurate bills following a change of supplier.

To enable this to happen, the energy supply industry has ultimate responsibility for resolving any weaknesses or failures in the transfer process and for complying with the rules and requirements which underpin it.

Whilst the vast majority of customers have no problems whatsoever with switching supplier, as evidenced by the high switching and customer satisfaction levels, EDF Energy accepts that some customers do experience problems when changing to another supplier. We therefore recognise the need for further improvements in the industry's performance and remain open-minded to consider all potential improvement options.

EDF Energy have constantly demonstrated a genuine desire and commitment to work in an open, positive and collaborative manner with Ofgem, energywatch and the rest of the industry on driving through improvements aimed at increasing customers' confidence in, and experience of, the competitive market.

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We acknowledge the challenge set by Ofgem and energywatch and agree with the view that doing nothing is not a tenable option. Gas and electricity market participants in general, and suppliers in particular, need to work together to make switching energy supplier simpler for customers and for the industry. It is vitally important that further development options focus on the root causes of the issues rather than simply addressing the symptoms.

We have been exploring the issues and options for change with other key members of the industry and Gemserv, with a view to promoting progress with the Customer Switching initiative. We were also fully engaged in the development of the Programme Initiation Document recently published on behalf of the industry by Gemserv and endorsed at energywatch's 11 June seminar.

It is important that the analysis programme takes into account other key industry developments and initiatives. These include metering competition, new gas market governance arrangements, energysure and the erroneous transfer customer charter (including development of the voluntary compensation scheme). In addition, there are major integration and change improvement programmes currently underway within a number of companies, including our own. This will not, however, compromise our commitment to working with the rest of the industry, with the aim of further improving customers' experience of the competitive market.

The Customer Switching Analysis programme should be conducted in an open and transparent manner, with the emphasis clearly focused on the following areas:

- analysis of the issues giving rise to customer complaints and costly inefficiencies in the switching process, backed up with:
  - i) quantitative analysis;
  - ii) customer expectations analysis;
  - iii) input from a broad market participant base.
- thorough investigation of the root causes associated with these issues and with clear identification of whether such issues are specific to gas and/or electricity, domestic and/or I&C, individual suppliers or common across all suppliers

Any changes to the current processes must be cost effective, with the impact and effectiveness of any proposed changes proven before being introduced. The cost of change must also reflect the principle that those parties who benefit from the implementation of any changes should bear the cost.

Whilst it is important that the review is both supplier and customer driven, we also recognise that it will be important to consider the impact/effects of any proposed change on a broad section of interested parties operating within the industry. These include small suppliers/new entrants, large suppliers, distributors, agents and settlement bodies.

In terms of establishing timescales for the implementation of any proposed changes (whether minor enhancements, improvements phased in over time or, at the extreme, major/radical reforms), we do not believe that it is possible to determine such timescales at this early stage of the review. The nature and scale of improvements must be determined in the manner described in the Customer Switching Analysis PID produced by Gemserv and following consideration of other planned industry initiatives and developments.

Effective project management and governance arrangements are essential to the success of the programme. These will be required to co-ordinate and plan the review, leading to the identification of the issues, root causes and recommended solutions, as well as to initiate an industry-wide programme of work focused on issue resolution and which is based on a statement setting out defined goals and timescale. The timely appointment of a suitably experienced Project Manager is therefore a critical factor.

The outcome of this phased programme must ensure that customers have complete confidence that, when they decide to change supplier, the process supporting their decision facilitates a positive experience.

I trust that the information set out in this response will provide a clear indication of the position of EDF Energy in relation to the Customer Switching programme.

If you have any queries on the response, please do not hesitate to contact either myself or Paul Waite (on 01454 452212 or by email [paul.waite@edfenergy.com](mailto:paul.waite@edfenergy.com)).

Yours sincerely,

**Denis Linford**  
**Head of Regulation**